

EXHIBIT B

BY-LAWS
OF
WINDSTONE RESIDENTIAL ASSOCIATION, INC.

ARTICLE I
IDENTITY

Section 1. Name. The name of the corporation is WindStone Residential Association, Inc. (hereinafter referred to as the “Association”) which was created and exists as a not-for-profit corporation under the laws of the State of Tennessee.

Section 2. Office of Association. The office of the Association shall be at the offices of WindStone Partners, L.P. (hereinafter referred to as the “Partnership”), or at such other place as may be subsequently designated by the Board of Directors of the Association.

Section 3. Seal. The Seal of the Association shall bear the name of the Association, the “Tennessee,” the words “Not-For-Profit Corporation” and the year of incorporation.

ARTICLE II
DEFINITIONS

Section 2. General. All terms used herein and not otherwise defined shall be deemed to have the same meaning as defined in that certain DECLARATION OF COVENANTS AND RESTRICTIONS OF THE WINDSTONE RESIDENTIAL ASSOCIATION, INC. and WINDSTONE PARTNERS, L.P., dated, June 27, 1986, and recorded in the Register’s Office of Hamilton County Tennessee and Office of the Clerk of Court for Catoosa County, Georgia, certain provision of which Declaration may be repeated in full or in part and may be renumbered as they appear herein.

ARTICLE III
MEMBERSHIP AND VOTING PROVISIONS

Section 1. Membership. Every Owner shall be a Member of the Association. The Partnership shall be a Member of the Association. In the event of multiple ownership of any Residential Lot, Dwelling Unit, condominium or townhouse, or ownership by a partnership or corporation, the name of the Owner designated as Member shall be submitted to the Partnership and/or the Association each year, not later than the 1st day of January of each year and only the designated Member shall be entitled to have access to the facilities of the Association as a Member of the Association. Remaining Owners shall be entitled to access only in accordance with rules and regulations established by the Association, its successors and assigns, for guests. If no designation of a Member is made by the multiple Owners, all such owners shall be required to pay such user fees as may be established by the Association.

Section 2. Voting Rights. The Association shall have one (1) type of regular voting membership. A Member’s voting power shall be equal to the percentage assessment (herein the “Owner’s Percentage”) which that Member is required to contribute, as an Owner, to improve, maintain, enhance, enlarge, and operate the Common Properties and Restricted Common Properties, and to provide services which the Association is required or authorized to provide.

When any ownership entitling the Owner to Membership in the Association is owned of record in the name of two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants-in-common, tenants-in-partnership or in any other manner of joint or common ownership or if two (2) or more persons or entities have the same fiduciary relationship respecting the same Property then unless the instrument or order appointing them or creating the tenancy

otherwise directs, and it or a copy thereof is filed with the Secretary of the Association, their acts with respect to voting shall have the following effect:

- (a) If only one (1) vote, in person or by proxy his act binds all;
- (b) If more than one (1) vote, in person or by proxy, the act of the majority so voting binds all;
- (c) If more than one (1) vote in person or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled its proportionate share of the vote or votes;
- (d) If the instrument or order so filed shows that any such tenancy is held in unequal interest, a majority or even split for purposes of this Paragraph shall be a majority or even split in interest;
- (e) The principles of this Paragraph shall apply insofar as possible, to execution of proxies, waivers, consents or objections and for the purpose of ascertaining the presence of a quorum.

The voting rights of any Owner may be assigned by said Owner to his lessee who has entered into a lease with a term of twelve (12) months or more; provided, however, that the Owner may not assign to such lessee any vote or votes not attributable to the Property actually leased by such lessee.

Section 3. Special Voting Membership. In addition to the regular voting Membership described hereinabove, there shall be allowed a Special Voting Membership for the Partnership under the following circumstances:

So long as the Partnership's total amount of assessments paid (under its classification as a Member), total amount of operating deficits funded by the Partnership and total amount of loans by the Partnership to the Association outstanding exceed, cumulatively, the total amount of assessments paid by all other Members, or until seventy-five percent (75%) of the Residential Lots, Dwelling Units and other properties in the Property (as now constituted or as hereafter enlarged by annexation as herein provided) have been sold, whichever shall occur last, but in any event not later than December 31, 1991, the Partnership shall be allowed a Special Voting Membership by which it shall be entitled to the same number of votes as cumulatively held by all other Members (including itself), plus one (1). This provision, without further reference herein, shall be self-operative and its applicability determined, for the purpose, by reference to the Annual Statement of the Association for the preceding year, or years, required by the Declaration in Part Three, ARTICLE III, Section 13.

Section 4. Cumulative Voting Prohibited. Each Member shall be entitled to as many votes as equals the number of votes he is ordinarily entitled to, based on his Owner's Percentage. Cumulative voting shall be prohibited.

Section 5. Member to Have Power to Referendum in Certain Instances. Where specifically provided for herein or in the Declaration, the Members, or some specific portion thereof, shall have the power to approve or reject certain actions proposed to be taken by the Association by referendum. In the event fifty-one (51%) percent, or more, of the votes actually returned to the Association within the specified time shall be in favor of such action, the referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a referendum without complying with the provisions therefore.

In the event of a dispute as to whether a referendum is required the following action may be taken:

Within thirty (30) days after the adoption by the Directors of any action which is, in the opinion of the Members, subject to a referendum, a petition signed by not less than twenty-five percent (25%) of the total Membership of the Association may be filed with the Secretary of the Association requesting that any such action be either repealed

or submitted to a vote of the Members.

Section 6. Quorum Required for any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association, the presence at the meeting of Members or proxies entitled to cast fifty percent (50%) plus one (1) of the total vote of the membership shall constitute a quorum at the first meeting. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such meeting shall be the presence of Members or proxies entitled to cast twenty-five percent (25%) of the total vote of the Membership of the Association. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such third meeting. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this ARTICLE III, Section 6, and any other requirements for such "duly called meeting" which may be established by the By-Laws of the Association. This provision shall not apply when the proposed action is the amendment of the Declaration and the quorum requirement established by Part Four, ARTICLE II, Section 2 of the Declaration shall govern in that instance.

Section 7. Proxies. All Members of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing, provided, however, that proxies shall not be required for any action which is subject to a referendum, in which case the votes of all the Members polled shall be made by specifically provided ballots mailed to the Association.

ARTICLE IV MEETINGS OF THE MEMBERSHIP

Section 1. Place. All meetings of the Association Membership shall be held at the office of the Association, or at such other place and at such time as shall be designated by the Board of Directors of the Association and stated in the Notice of Meeting, and shall be open to all Owners.

Section 2. Membership List. At least twenty-one (21) but not more than forty (40) days before every meeting of the Association or election of directors, a complete list of Members of the Association shall be prepared by the Secretary. Such list shall be maintained in the office of the Association for at least twenty-one (21) days prior to any meeting or election and ten (10) days after any meeting or election.

Section 3. Notice of Meetings. Written notice of each regular annual meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized or qualified to call the meeting, by mailing a copy of such notice, with proper postage affixed, at least twenty-one (21) days but not more than forty (40) days, and in the case of a special meeting, not less than seven (7) days nor more than thirty (30) days before such meeting to each Member entitled to vote thereat, to the last known address of the person or entity who appears as Owner in the Real Estate Records of Hamilton County, Tennessee and/or Catoosa County, Georgia, on the first day of the calendar month in which said notice is mailed. Notice to one (1) or two (2) or more co-owners of a Residential lot, Dwelling Unit, Multi-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel, Unsubdivided Land or Private Recreational Tract shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes an Owner and Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor-in-title. Such notice shall specify the place, day and hour

of the meeting, and, in the case of a special meeting, the purpose of the meeting. Evidence of such notice haven been given may consist of an Affidavit of Meeting evidencing that the requisite notice was posted.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, fifty (50%) percent plus (1) of the total vote of each Membership class shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, The Declaration or these By-Laws.

Section 5. Annual Meeting. The annual meeting shall be held in the month of March each year for the purpose of electing directors and transacting any other business authorized to be transacted by the Members. At the Annual Meeting the Members shall elect new Members of the Board of Directors in accordance with Article V of these Bylaws, and shall transact such other business as may properly be brought before the meeting.

Section 6. Special Meetings. Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President of the Association and shall be called by the President or Secretary of the Association at the request, in writing, of Members owning twenty-five (25) percent or more of the interests in the Property, which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the subjects stated in the Notice thereof.

Section 7. Waiver and Consent. Whenever the vote of Members at a meeting is required or permitted by any provision of these By-Laws to be taken in connection with any action of the Association, the meeting and vote of Members may be waived if a majority of Members who would have been entitled to vote on the action if such meeting were held, shall consent in writing to such action being taken; however, notice of such action shall be give to all Members unless all Members participated in the approval of such action.

Section 8. Adjourned Meeting. If any meeting of the Members cannot be organized or convened because a quorum does not exist, then the Members entitled to vote thereat or the person initially calling the meeting shall have power to adjourn the meeting and to call a second meeting subject to the giving of proper notice and the required quorum at such second meeting shall be the presence of Members or proxies entitled to cast twenty-five (25%) or the total vote of the Membership of the Association. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called in the same manner as the second meeting subject to the giving of proper notice and there shall be no quorum requirement for such third meeting. This provision shall not apply when the proposed action is the amendment of the Declaration and the quorum requirement established by Part Four, ARTICLE II, Section 2 , of said Declaration shall govern in that instance.

ARTICLE V DIRECTORS

Section 1. Composition of the Board of Directors. The Association shall be governed by a Board of Directors consisting of not less than five (5) not more than twelve (12) Members. The number of Directors in subsequent years shall be determined by the members of the Board of Directors as provided for in these By-Laws, or by the Association. One member of the Board shall be an Owner within the Lake Haven area of the Property (as described in the Declaration). One member of the Board shall be an owner within the Property at large. In the event that all or a portion of the undeveloped portion of the Property is developed and such phase of development is submitted under the Declaration, the Partnership reserves the right, so long as it retains voting control of the Association, to have the Board of Directors expanded up to twelve (12) members and to designate the phases within the Property from which Board representation shall be selected in a manner and using criteria similar to that used in accomplishing the foregoing area representation. Those additional provisions shall be added to the Declaration in the manner for supplements and amendments to the Declaration as provided in Part One, Article II of the Declaration for the addition of property. Moreover, said provisions shall be added to these By-Laws as an amendment to this Section 1.

Section 2. Qualifications and Selection of Board Members. All Directors must be Members of the Association. All officers of a corporate Member, for purposes of this Section 2, shall be deemed to be Members of the

Association so as to qualify as a Director herein. Each Member shall be entitled to as many votes as equals the number of votes he is entitled to based on his Owner's Percentage.

Section 3. Term of Office. At the first election of Directors by the Membership, the Members shall elect one (1) Director for a term of one (1) year, two (2) Directors for a term of two (2) years; and at each annual meeting thereafter the Members shall elect Directors to fill the expiring terms for a term of three (3) years. No Director shall serve more than (2) consecutive terms.

Section 4. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. A successor may then and there be elected to fill the vacancy thus created. Should the Association fail to elect a successor, the Board of Directors may fill the vacancy in the manner provided in Section 5 below.

Section 5. Vacancies on Board of Directors. If the Office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Members of the Board of Directors, though less than a quorum, as defined in Article VII, Section 5 below, shall choose a successor or successors, at any regular or special meeting of the Board of Directors. Such replacement Member of the Board of Directors shall hold office for the balance of the unexpired term.

Section 6. Disqualification and Resignation of Directors. Any Director may resign at any time by sending a written notice of such resignation to the office of the Association, delivered to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by Secretary. Commencing with the Board of Directors elected at the second annual meeting of the Membership, the transfer of title for the Lot, Dwelling Unit, Tract or Parcel from which Membership in the Association is derived by a Director shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors. No Director shall continue to serve on the Board of Directors should he be more than thirty (30) days delinquent in the payment as a Member of any assessment against his Lot, Dwelling Unit, Tract or Parcel; and said delinquency shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors.

Section 7. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 8. Outgoing President. Immediate Past President of the Board of Directors shall remain a voting member of the Board for a period of one (1) year following their term of office

ARTICLE VI
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors by the Members shall be made by a Nominating Committee. Nominations may also be made by a petition of not less than forty (40) Members in good standing submitting such nomination in writing to any officer or Director at least twenty-four (24) hours prior to the date and time set for the meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors at each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made only from among Members and shall be made in such categories of directorship as required by the provisions of Article V, Section 1 of these By-Laws.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election each Member or his proxy may cast, in respect to each vacancy, one vote as he is entitled to exercise under the provisions of the Declaration. The person receiving the largest number of votes for each directorship shall be elected. Cumulative voting is prohibited.

ARTICLE VII MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Although not required, notice of such regular meeting shall nevertheless be given to each Director personally or by mail, telephone or telegraph at least three (3) days prior to the date of such meeting. All meetings of the Board, including special meetings in accordance with Section 2 below, shall be open to all Members.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Members of the Board of Directors, after not less than three (3) days' notice, in writing, to all Members of the Board of Directors of the time, place and purpose of such meeting.

Section 3. Place of Meetings. Meetings of the Board of Directors shall be held at WindStone whenever practical. However, this provision is in no way intended to invalidate in any way whatsoever meetings held somewhere other than Hamilton County Tennessee or Catoosa County, Georgia so long as such meetings are proper in all other respects.

Section 4. Directors' Waiver of Notice. Before, or at any meeting of the Board of Directors, any Director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 5. Quorum. At all meetings of the Board of Directors, a majority of the Members of the Board of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Members of the Board of Directors present at such meetings at which a quorum is present, shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors there be less than quorum present, the majority of those present may adjourn the meeting from time to time. At each such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the Minutes thereof, shall constitute the presence of such Director for the purpose of determining a quorum.

Section 6. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VIII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors of the Association shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Declaration, this Association's Articles of Incorporation, or these By-Laws, directed to be exercised and done by Owners. These powers and duties shall specifically include, but shall not be limited to, the matters hereinafter set forth.

Section 1. Powers. The powers of the Board of Directors shall specifically include, but shall not be limited to the following:

- (a) To adopt and publish rules and regulations governing the use of the Common Properties, Restricted Common Properties, if applicable, and, facilities located thereon, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) To suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for an infraction of published rules and regulations;
- (c) To exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- (d) To declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (e) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
- (f) To secure Officers and Directors Liability Insurance covering the Officers and Directors of the Association at the expense of the Association.

Section 2. Duties. The duties of the Board of Directors shall specifically include, but shall not be limited to the following:

- a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the Membership;
- b) To supervise all officer, agents and employees of this Association, and to see that their duties are properly performed;
- c) As more fully proved in the Declaration, to:
 - 1. Fix the amount of the assessment against each property ownership form as defined in the Declaration;
 - 2. Prepare an index of the properties and assessments applicable thereto which shall be kept in the office of the Association and which shall be open to inspection by any Owner;
 - 3. Send written notice of each assessment to every Owner subject thereto; and
 - 4. Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.
- d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- e) To procure and maintain adequate liability and hazard insurance on property owned by the Association in the form and amount required by the Declaration.
- f) To cause all officers or employees of the Association having fiscal responsibilities to be bonded, with fidelity bonds in the form and amount required by the Association, and the premium on such bonds shall be paid by the Association.
- g) To cause the Common Properties and Restricted Common Properties to be adequately maintained.
- h) To review and amend, if appropriate, the proposed annual budget as prepared by the Treasurer in accordance with Article X, Section 8 hereunder.

ARTICLE IX LIABILITY OF THE DIRECTORS

The Members of the Board of Directors shall not be liable to the Owners or the Association for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association

shall indemnify and hold harmless each of the Members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the Members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible and shall not be deemed to be self dealing for the Association to contract with the Partnership or with corporations or other entities owned, controlled or affiliated with the Partnership. It is also intended that the liability of any Member arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the Members of the Board of Directors shall be limited to such proportions of the total liability thereunder as his interest in the Common Properties and Restricted Common Properties bears to the interests of all Members in the Common Properties and Restricted Common Properties. Every agreement made by the Board of Directors, or by any managing agent, or by any management firm, as the case may be, is made in the capacity only as an agent for the Members and shall have no personal liability thereunder (except as Members). Moreover, each Member's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Properties and Restricted Common Properties bears to the interests of all Members in the Common Properties and Restricted Common Properties.

ARTICLE X OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President, a Vice President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of whom shall be ex-officio Members of the Board of Directors.

Section 2. Election of Officers. The election of officers shall take place at the First meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year and until their successors are chosen and assume office in their stead unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Appointive Officers. The Board of Directors may appoint Assistant Secretaries and Assistant Treasurers and such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance or acknowledgement of acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The office of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of appointive offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the offices are as follows:

President

The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Owners and of the Board of Directors; shall see that orders and resolutions of the Board are carried out. He shall have executive powers and general supervision over the affairs of the Association and other officers. The President shall sign all leases, mortgages, deeds, contracts and other written instruments and shall co-sign all checks and promissory notes. He shall perform all of the duties incident to his office or which may be delegated to him from time to time by the Board of Directors.

Vice President

The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him from time to time by the Board of Directors.

Secretary

The Secretary shall issue notices of all Board of Directors' meetings and all meetings of the Members and shall attend and keep the minutes of same. The Secretary shall have charge of all of the Association's books, records and papers, except those kept by the Treasurer. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

Treasurer

- a) The Treasurer shall have custody of the Association's funds and securities, except the funds payable to any management firm, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Association, in such depositories as may be designated from time to time by the Board of Directors.
- b) The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may require it, an account of all of his transactions as the Treasurer and of the financial condition of the Association.
- c) The Treasurer shall collect the assessments and maintenance fees and shall promptly report the status of collections and of all delinquencies to the Board of Directors.
- d) The Treasurer shall give status reports to potential transferees on which reports the transferees may rely.
- e) The Treasurer shall cause an annual audit of the Association to be completed in a timely fashion by a certified public accountant selected by the Board of Directors and the results of such audit shall be reported to the Board of Directors.
- f) The Treasurer, in conjunction with the Association's accountant and such other persons as the Board of Directors may designate, shall prepare an annual budget for consideration, modification, if appropriate, and ultimate approval by the Board of Directors.
- g) The Assistant Treasurer shall perform the duties of the Treasurer when the Treasurer is absent.
- h) The duties of the Treasurer may be fulfilled by a management firm employed by the Association, in which event such management firm shall have custody of the books of the Association as it determines is necessary for the performance of such treasurer duties and the foregoing may include any books required to be kept by the Secretary of the Association.

ARTICLE XII BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable costs.

ARTICLE XIII
ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments in proportion to his Owner's Percentage which are secured by a continuing lien upon the property against which the assessment is made. Assessments shall be collected on a monthly basis. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall be subject to a late charge equaling the maximum permissible limit for contractual interest rates in the state where the property is located, per month from the due date until paid or such other amount as set by the Board of Directors from time to time, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs of collection, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Properties or Restricted Common Properties or abandonment of the property by which he is entitled to Membership.

ARTICLE XIV
COMMITTEES

The Board of Directors shall appoint a Nominating Committee as provided in these By-Laws. In addition, the Board of Directors shall designate one or more committees which, to the extent provided in the resolution designating said committee, shall have the powers of the Board of Directors in the management and affairs and business of the Association. Such committee shall consist of at least three (3) Members. The committee or committees shall have such name or names as may be determined from time to time by the Board of Directors, and said committee(s) shall keep regular minutes of their proceedings and report the same to the Board of Directors, as required.

ARTICLE XV
FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVI
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: WINDSTONE RESIDENTIAL ASSOCIATION, INC., or an appropriate abbreviation thereof.

ARTICLE XVII
INDEMNIFICATION

The Association and Owners shall indemnify every Director and every officer, his heirs, executors, and administrators, against all losses, costs and expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be a party by reason of his being or having been a Director or officer of the Association, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding, to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

ARTICLE XVIII
PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Declaration or these By-Laws.

ARTICLE XIX
AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members by sixty-seven (67%) percent of the vote at a duly called meeting and provided that any matter stated herein to be or which is in fact governed by the Declaration may not be amended except as provided in the Declaration.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

IN WITNESS WHEREOF, we, being all of the organizing Members and Directors of WindStone Residential Association, Inc., have hereunto set our hands this 27th day of June, 1986.

[SIGNATURES ON ORIGINAL DOCUMENTS]

